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Weekly Highlights & Hot Bites, # 33

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Approved by:

Holly Higgins

U.S. Embassy, New Delhi

Prepared by:

A. Govindan, Santosh Singh, Deepa Dhankhar

Report Highlights:

Government Allows Duty-Free Wheat Import by private trade, * Wheat Future Trading Constrained*, *Australian Foods Plans Rs. 250 million Expansion*, * New Zealand Eyes Exports of Dairy, and Meat Products to India*, * Government revises CSO base import price up*, * Biotech Revolution: DBT shortlists 12 novel projects*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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Government Allows Duty-Free Wheat Import by private trade

On September 4, 2006, Agriculture Minister Pawar announced that the government would allow duty-free imports of wheat by the private trade to stem rising prices and augment domestic supplies. "As of today there is no duty on imports of wheat. This facility [measure] will be available for the next four to five months, may be until December or January. This decision has been taken already and the orders will be issued soon," he announced on the sidelines of an FAO meeting on fisheries. (Business Standard, 09/05/06)

Post Comment: The Minister's premature announcement about the duty withdrawal, one day before the bids were to be received by the State Trading Corporation for the government wheat tender for 1.67 million tons, has come under criticism from various quarters. The official notification regarding the duty withdrawal is still pending. The existing import duty applicable on private imports is 5.2 percent.

Wheat Future Trading Constrained

The Forward Markets Commission (FMC), the Indian commodity market regulator, has directed Indian commodity exchanges to reduce the daily price limit for trading wheat futures to four percent from the earlier six percent, effective September 1, 2006. In another regulatory change, the FMC has raised the additional/special margin to 20 percent from 10 percent on all long positions. This margin on all contracts of wheat will now be payable in cash during normal pay-in time. These new measures are intended to check rising domestic wheat prices. Traders feel that they are being choked under the new FMC guidelines, so they are gradually diverting funds from commodities to elsewhere. (Business Standard, 09/01/06)

Australian Foods Plans Rs. 250 million Expansion

The Australian Foods India Pvt Ltd, a joint venture of Cookie Pan Pty of Australia, a US based equity investor and an Indian company, intends to invest Rs. 250 million in the next three years. Currently, the company has a factory near Chennai and produces 1,000 tons of dough and 200 tons of cookies a month. There are about 20 Cookie Man shops, mostly franchisees. The company intends to set up another factory and expand its presence in the new upcoming shopping malls. (Source: Business Line 8/31/06)

New Zealand Eyes Exports of Dairy, and Meat Products to India

On his visit to Hyderabad, the New Zealand Trade Commissioner said that Australia was keen to export value added dairy products and meat to India provided the Indian government agrees to change the current norms which prohibit imports of these products on health concerns. New Zealand has been in discussion with the Indian government to allow imports of certain value added products that conform to global standards. He was hopeful that India may take a favorable decision by the end of this year. (Source: Business Line 9/7/06)

Government revises CSO base import price up

The base import price of crude soyoil was revised upward by \$7 per ton effective September 3, 2006. The revised base import prices (\$ per ton) are given in the table below:

	Earlier	Revised Effective 09/03/2006
Crude palm oil	447	447
RBD palm oil	476	476
Crude palmolein	481	481
RBD palmolein	484	484
Crude soyoil	572	579

Post Comment: The Custom Notification is available at:

<http://www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/csnt95-2k6.htm>

(Source: The Financial Express, 09/05/06)

BIOTECH REVOLUTION: DBT SHORTLISTS 12 NOVEL PROJECTS

The Small Business Innovation Research Initiative (SBIRI) launched by the Department of Biotechnology (DBT) is further promoting entrepreneurship in the biotech sector, through its second phase of funding. Twelve projects have been short listed under the second phase, some of which include technology initiatives by private biotechnology companies. The model of research projects will be based on public-private partnerships. Another major initiative by the DBT is the approval of five centers of excellence for research in Delhi, Hyderabad, Chandigarh, Bangalore and Vellore, with a total investment of around \$27 million.

(Source: Business Standard, 09/05/06)

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